

STATE PURCHASING OF RETREAD TIRES: PRESENTATION TO THE APRIL 13, 2012 MEETING OF THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE

- Brief history and background on retread tires
- Proposed legislation

State Term Contract for Retread Tires

- State has had a term contract for retread tires since 1976
- Primary users of the retread tires:
 - ▣ Public Schools (LEAs) for School Buses
 - ▣ DOT trucks



Tire Retreading Processes

Pre Cure (Top-Cap) Process

- Already-cured rubber, with a tread design molded in, is applied to a buffed tire casing.



Mold Cure Process

- Uncured rubber is applied to a buffed tire casing, with the tread design impressed into the rubber during the curing process.
- "Bead to bead" mold cures are a subset of this process, in which a thin veneer of rubber is applied to the sidewall, and the curing mold is engraved with replacement sidewall markings.

North Carolina's Retread Tire Contract

General Assembly has been receiving input and concerns about the State's retread tire contract for at least 11 years:

2001 General Assembly directed the Division of Purchase and Contract to take steps to ensure bid process was fair and open (S.L.2001-424, Sec. 27.24)

2006 Office of State Auditor conducted an audit focused on problems with charges for spot repairs to tires, and accounting for tire casings

2007 The Joint Legislative Transportation Oversight Committee commissioned a study of the State's contract for retread tires, conducted by Smithers Scientific Services, an Ohio-based research and consulting firm with expertise in tires.

Findings from the Smithers Report:

- State was spending about \$4 million/year on retread tires
 - \$ 2,657,577 million LEA purchases on the State contract
 - \$ 697,093 million NCDOT purchases on State contract
 - \$ 716,261 million LEAs purchases outside of the State contract
- Cost: Smithers sampled a few school districts to determine cost per mile for retread tire type –precure retreads were .5 cents per mile, bead to bead mold cure retreads were .7 cents per mile. The report noted that LEA cost per mile was variable depending on where product used.
- Both types of retread tires were performing well in on-road use

2008 General Assembly enacted several recommendations from the Smithers Report (S.L. 2008-201)

The bill directed the Division of Purchase and Contract to make the following changes to its Request for Proposal criteria for a statewide tire retread contract:

- Require that the cost of the tire retread include spot repairs and that there no longer be a separate charge for a spot repair.
- Include a threshold for the number of times a casing may be retreaded.
- Include a threshold for the age of a casing that may be retreaded.
- Include the number of nail hole repairs that are permissible for a casing to be retreaded.
- Provide assurance that a particular fleet will receive its own casings back after retread completed.
- Set minimum tread depths per category or application of the retread tire.
- Consider a multiaward contract structure that includes several vendors
- Provide for any method of tire retreading to be bid separately.

2011 General Assembly enacted additional recommendations from the Smithers Report (Section 28.36 of S.L. 2011-145)

- Required all future school bus and state vehicle tire contracts purchases to possess the original, unaltered, and uncovered tire sidewall, to preserve critical tire information contained on the original tire sidewall.
- Critical tire information was defined as the following: tire brand name, tire line name, tire identification numbers, load and pressure markings, tire size designation, service descriptions such as load and speed ratings, and other information and specifications placed on the original tire sidewall by the original tire manufacturer.

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Includes three changes to current law:

- Provides that contracts for school bus tires executed on or after July 1, 2012 shall not include any specification for retread rubber formulations, a recommendation of the Smithers Report.
- Provides that contracts for school bus tires executed on or after July 1, 2012 shall include specifications requiring pre-cure fuel efficient rated retreaded tires, as certified by the retread rubber manufacturer.
- Makes technical changes.